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LEGISLATIVE HISTORY

Public Law 107--82nd Congress

Chapter 293--1st Session

H. J. Res. 303

TABLE OF CONTENTS

DIGEST OF PUBLIC LAW 107

HOUSING; FLOOD RELIEF: Authorizes the Housing and Home Finance Agency to provide emergency housing for victims of flood disasters in Kansas, Missouri, and Oklahoma.

INDEX AND SUMMARY OF H. J. RES. 303

- July 30, 1951 Mr. Hennings introduced the Senate Joint Resolution 67 (similar bill) which was read twice and ordered to lie on the table. Print of Joint Resolution as introduced.
- July 30, 1951 Mr. Bolling introduced H. J. Res. 303; which was referred to the Committee on Banking and Currency. Print of Resolution as introduced.
- July 31, 1951 Committee reported H. J. Res. 303 with amendment. (House Report 776). Print of bill as reported in the House.
- H. J. Res. 303 considered and passed the House.
- August 1, 1951 H. J. Res. 303 referred to Senate, read twice, considered, read the third time, and passed.
- S. J. Res. 37 indefinitely postponed due to passage of H. J. Res. 303.
- August 3, 1951 Approved: Public Law 107.

THE HISTORY OF THE

REIGN OF KING CHARLES THE FIRST
BY JOHN BURNET

IN TWO VOLUMES

VOLUME THE FIRST

THE SECOND VOLUME

THE THIRD VOLUME

THE FOURTH VOLUME

THE FIFTH VOLUME

THE SIXTH VOLUME

S. J. RES. 87

TO BE ENACTED INTO LAW

AT THE SENATE CHAMBERS

WASHINGTON, D. C.

JOINT RESOLUTION

RELATIVE TO THE

...

82D CONGRESS
1ST SESSION

S. J. RES. 87

IN THE SENATE OF THE UNITED STATES

JULY 30 (legislative day, JULY 24), 1951

Mr. HENNINGS (for himself, Mr. SPARKMAN, and Mr. SCHOEPPPEL) introduced the following joint resolution; which was read twice and ordered to lie on the table

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood-disaster emergency.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That section 8 (b) (2) of the National Housing Act, as
4 amended, is hereby amended by striking out the words
5 “*And provided further*” in the last proviso thereof and in-
6 serting in lieu thereof the words “*Provided further*” and
7 by inserting at the end of said last proviso a colon and the
8 following: “*And provided further, That, where the mort-*
9 *gagor is the owner and occupant of the property and estab-*
10 *lishes (to the satisfaction of the Commissioner) that his*

1 home, which he occupied as an owner or as a tenant, was
2 destroyed as a result of a flood, fire, hurricane, earthquake,
3 storm or other catastrophe, which the President pursuant to
4 section 2 (a) of the Act entitled 'An Act to authorize
5 Federal assistance to States and local governments in major
6 disasters, and for other purposes' (Public Law 875, Eighty-
7 first Congress, approved September 30, 1950) has deter-
8 mined to be a major disaster, such maximum dollar limita-
9 tions may be increased by the Commissioner from \$4,750 to
10 \$7,000, and from \$5,600 to \$8,000, respectively, and the
11 percentage limitation may be increased by the Commissioner
12 from 95 per centum to 100 per centum of the appraised
13 value".

14 SEC. 2. Section 3 of the Act entitled "An Act to
15 authorize Federal assistance to States and local governments
16 in major disasters, and for other purposes" (Public Law 875,
17 Eighty-first Congress, approved September 30, 1950), is
18 amended by inserting in clause (d) of the first sentence
19 thereof after the words "in such major disaster" the follow-
20 ing: "providing temporary housing or other emergency
21 shelter for families who, as a result of such major disaster,
22 require temporary housing or other emergency shelter,".

82^d CONGRESS
1ST SESSION

S. J. RES. 87

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood-disaster emergency.

By Mr. HENNING, Mr. SPARKMAN, and Mr.
SCHOEPPEL

JULY 30 (legislative day, JULY 24), 1951

Read twice and ordered to lie on the table

82^D CONGRESS
1ST SESSION

H. J. RES. 303

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 1951

Mr. BOLLING introduced the following joint resolution; which was referred to the Committee on Banking and Currency

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

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2 *of the United States of America in Congress assembled,*
3 That section 8 (b) (2) of the National Housing Act, as
4 amended, is hereby amended by striking out the words
5 “*And provided further*” in the last proviso thereof and insert-
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7 inserting at the end of said last proviso a colon and the
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2 storm or other catastrophe, which the President pursuant to
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12 value".

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16 Eighty-first Congress, approved September 30, 1950), is
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18 thereof after the words "in such major disaster" the follow-
19 ing: "providing temporary housing or other emergency
20 shelter for families who, as a result of such major disaster,
21 require temporary housing or other emergency shelter,".

82D CONGRESS
1ST SESSION

H. J. RES. 303

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

By Mr. Bolling

JULY 30, 1951

Referred to the Committee on Banking and Currency

RECEIVED

ADINT RESOLUTION

1911

PROVIDING HOUSING RELIEF IN THE MISSOURI-KANSAS- OKLAHOMA DISASTER EMERGENCY

JULY 31, 1951.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. BOLLING, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany H. J. Res. 303]

The Committee on Banking and Currency, to whom was referred the joint resolution (H. J. Res. 303) to provide housing relief in the Missouri-Kansas-Oklahoma disaster emergency, having considered the same, report favorably thereon with amendments and recommend that the joint resolution as amended do pass.

The amendments are as follows:

1. Page 1, line 4, after the word "amended" insert "(1) by inserting after the word 'construction' in both places where it appears therein the words 'or reconstruction' and (2)".

2. Page 1, line 10, strike out "satisfaction" and insert in lieu thereof "satisfaction".

3. Page 2, line 1, immediately following "destroyed" insert the following: "or damaged to such an extent that reconstruction is required".

The immediate enactment of this joint resolution is urgently needed to help relieve suffering and hardship caused by the lack of shelter in the flood-disaster areas of Missouri, Kansas, and Oklahoma.

The first section of the joint resolution would amend the National Housing Act to permit more liberal mortgage insurance for those building low-cost homes to replace their homes lost in a flood or other major disaster. To take advantage of these terms, such a person would have to establish that his home, which he occupied as owner or tenant, was destroyed or damaged to the extent of requiring reconstruction as a result of a flood or other catastrophe which the President has declared to be a major disaster under the Disaster Relief Act (Public Law 875, 81st Cong.). The insured mortgage in these cases could equal 100 percent of the value of the property, as compared to 95 percent authorized for low-cost homes under present law.

This new FHA insurance authority for disaster areas would be included in section 8 (title I) of the National Housing Act relating to very low-cost houses in urban, suburban, and rural areas. Thus, some of the requirements of title II (covering the regular FHA mortgage-insurance program), which would not be practicable with respect to housing for persons in areas of floods or other catastrophes, would not be applicable to this disaster program. These requirements relate to such matters as property location and the standards used for determining "economic soundness" under title II.

The maximum mortgage amount provided in section 1 of the joint resolution is \$7,000, or in high-cost areas, \$8,000. These correspond to the values of low-cost houses for which maximum 95-percent mortgages can be insured under the existing provisions of title II (sec. 203 (b) (2) (D)). However, the insertion of this new authority in section 8 of the National Housing Act would apply only to disaster areas.

Section 2 of the resolution would amend the Disaster Relief Act (Public Law 875, 81st Cong.) to authorize Federal agencies, when directed by the President, to provide temporary housing or other emergency shelter for families who, as a result of a major disaster, require such shelter. This shelter would be provided out of funds otherwise available for relief activities under Public Law 875 and subject to the applicable provisions of that law. This section of the resolution would permit the Government to furnish trailers and other portable housing to meet the temporary-shelter needs of families in disaster areas. There is a vital need for the Government to furnish this aid at once in the present flood areas. At present there is no legislative authority for the Government to meet this need.

Your committee urges the immediate enactment of this joint resolution.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT

* * * * *

SEC. 8. * * *

(b) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$4,750, except that the Commissioner may by regulation increase this amount to not to exceed \$5,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property, urban, suburban, or rural upon which there is located a dwelling designed principally for a single-family residence, the construction of which is begun after the date of enactment of the Housing Act of 1950, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling, in which

case the principal obligation shall not exceed \$4,250, except that the Commissioner may by regulation increase this amount to not to exceed \$5,000 in any geographical area where he finds that cost levels so require, and shall not exceed 85 per centum of the appraised value of the property: **[And provided]** *Provided further, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas: And provided further, That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the Commissioner) that his home, which he occupied as an owner or as a tenant, was destroyed as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe, which the President pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), has determined to be a major disaster, such maximum dollar limitations may be increased by the Commissioner from \$4,750 to \$7,000, and from \$5,600 to \$8,000, respectively, and the percentage limitation may be increased by the Commissioner from 95 per centum to 100 per centum of the appraised value;*

(3) have a maturity satisfactory to the Commissioner but not to exceed thirty years from the date of insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the Commissioner requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner;

(5) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided and to the service charge, if any) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, service charges, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, and other matters as the Commissioner may in his discretion prescribe.

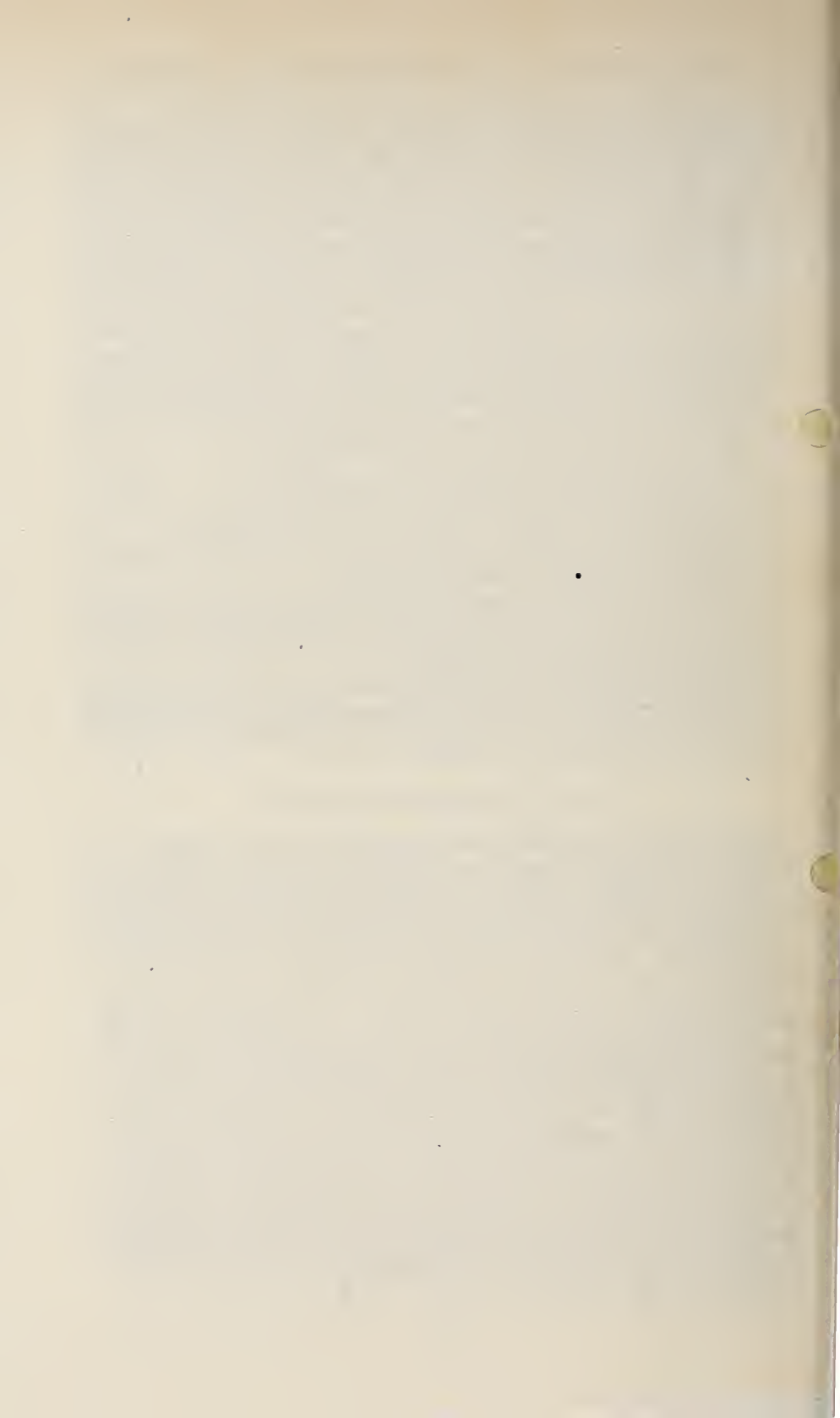
* * * * *

PUBLIC LAW 875, EIGHTY-FIRST CONGRESS

* * * * *

SEC. 3. In any major disaster, Federal agencies are hereby authorized when directed by the President to provide assistance (a) by utilizing or lending, with or without compensation therefor, to States and local governments their equipment, supplies, facilities, personnel, and other resources, other than the extension of credit under the authority of any Act; (b) by distributing, through the American National Red Cross or otherwise, medicine, food, and other consumable supplies; (c) by donating to States and local governments equipment and supplies determined under then existing law to be surplus to the needs and responsibilities of the Federal Government; and (d) by performing on public or private lands protective and other work essential for the preservation of life and property, clearing debris and wreckage, making emergency repairs to and temporary replacements of public facilities of local governments damaged or destroyed in such major disaster *providing temporary housing as other emergency shelter for families who, as a result of such major disaster, require temporary housing or other emergency shelter*, and making contributions to States and local governments for purposes stated in subsection (d). The authority conferred by this Act, and any funds provided hereunder shall be supplementary to, and not in substitution for, nor in limitation of, any other authority conferred or funds provided under any other law. Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this section shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies. The Federal Government shall not be liable for any claim based upon the exercise or performance or the failure to exercise or perform a discretionary function or duty on the part of a Federal agency or an employee of the Government in carrying out the provisions of this section.

* * * * *



82^D CONGRESS
1ST SESSION

H. J. RES. 303

[Report No. 776]

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 1951

Mr. BOLLING introduced the following joint resolution; which was referred to the Committee on Banking and Currency

JULY 31, 1951

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That section 8 (b) (2) of the National Housing Act, as
4 amended, is hereby amended (1) *by inserting after the word*
5 *“construction” in both places where it appears therein the*
6 *words “or reconstruction” and (2) by striking out the*
7 words “*And provided further*” in the last proviso thereof
8 and inserting in lieu thereof the words “*Provided further*”
9 and by inserting at the end of said last proviso a colon and the
10 following: “*And provided further, That, where the mort-*

1 gagor is the owner and occupant of the property and estab-
2 lishes (to the ~~satisfaction~~ *satisfaction* of the Commissioner)
3 that his home, which he occupied as an owner or as a tenant,
4 was destroyed *or damaged to such an extent that reconstruc-*
5 *tion is required* as a result of a flood, fire, hurricane, earth-
6 quake, storm or other catastrophe, which the President pur-
7 suant to section 2 (a) of the Act entitled ‘An Act to
8 authorize Federal assistance to States and local governments
9 in major disasters, and for other purposes’ (Public Law
10 875, Eighty-first Congress, approved September 30, 1950),
11 has determined to be a major disaster, such maximum dollar
12 limitations may be increased by the Commissioner from
13 \$4,750 to \$7,000, and from \$5,600 to \$8,000, respectively,
14 and the percentage limitation may be increased by the Com-
15 missioner from 95 per centum to 100 per centum of the
16 appraised value”.

17 SEC. 2. Section 3 of the Act entitled “An Act to author-
18 ize Federal assistance to States and local governments in
19 major disasters, and for other purposes” (Public Law 875,
20 Eighty-first Congress, approved September 30, 1950), is
21 amended by inserting in clause (d) of the first sentence
22 thereof after the words “in such major disaster” the follow-
23 ing: “providing temporary housing or other emergency
24 shelter for families who, as a result of such major disaster,
25 require temporary housing or other emergency shelter,”.

82ND CONGRESS
1ST SESSION

H. J. RES. 303

[Report No. 776]

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

By Mr. BOLING

JULY 30, 1951

Referred to the Committee on Banking and Currency

JULY 31, 1951

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 82^d CONGRESS, FIRST SESSION

Vol. 97

WASHINGTON, TUESDAY, JULY 31, 1951

No. 140

Senate

The Senate was not in session today. Its next meeting will be held on Wednesday, August 1, 1951, at 12 o'clock meridian.

House of Representatives

TUESDAY, JULY 31, 1951

The House met at 12 o'clock noon.

Rev. John Nelson Taylor, St. Mark's Church, Fort Dodge, Iowa, offered the following prayer:

O Lord God Almighty, Supreme Ruler of Nations, without whom no people can be great. We thank Thee for the progress and prosperity vouchsafed to this Nation, and for the countless blessings, temporal and spiritual, bestowed upon its people. Make us, we beseech Thee, more sensible of Thy goodness, and our responsibility as stewards of Thy gifts. And grant us such virtue and true religion that by our deliberations, our legislation, and by our lives Thy holy name may be forever glorified and the welfare of Thy people advanced. Endue with wisdom, patience, understanding, counsel, and strength our Representatives here assembled, and all who are engaged in the government of this Nation; that upholding what is right and following what is true, they may obey Thy holy will and fulfill Thy divine purpose. Grant them strength so to serve Thee that the heritage received from our fathers may be preserved in our time, and handed down unimpaired to our children; and grant that from generation to generation we may remain a united people loyal to the principles upon which this Nation was founded.

Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

HOUSING RELIEF IN THE MISSOURI-KANSAS-OKLAHOMA FLOOD DISASTER EMERGENCY

Mr. BOLLING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 303) to provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

The Clerk read the resolution, as follows:

Resolved, etc., That section 8 (b) (2) of the National Housing Act, as amended, is hereby amended by striking out the words "And provided further" in the last proviso thereof and inserting in lieu thereof the words "Provided further" and by inserting at the end of said last proviso a colon and the following: "And provided further, That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the Commissioner) that his home, which he occupied as an owner or as a tenant, was destroyed as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe, which the President pursuant to section 2 (a) of the act entitled 'An act to authorize Federal assistance to States and local governments in major disasters, and for other purposes' (Public Law 875, 81st Cong., approved September 30, 1950), has determined to be a major disaster, such maximum dollar limitations may be increased by the Commissioner from \$4,750 to \$7,000, and from \$5,600 to \$8,000, respectively, and the percentage limitation may be increased by the Commissioner from 95 percent to 100 percent of the appraised value."

Sec. 2. Section 3 of the act entitled "An act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, 81st Cong., approved September 30, 1950), is amended by inserting in clause (d) of the first sentence thereof after the words "in such major disaster" the following: "providing temporary housing or other emergency shelter for families who, as a result of such major disaster, require temporary housing or other emergency shelter."

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the resolution?

Mr. BOLLING. Mr. Speaker, the purpose of this resolution is to provide certain immediate relief to affected individuals in the disaster areas of Missouri,

Kansas, and Oklahoma with respect to temporary housing and other emergency shelter. The director of relief activities in that area, Mr. Foley, of the Housing and Home Finance Agency, finds that in order to provide even temporary and emergency shelter for a number of people whose homes have been completely or almost entirely destroyed by the flood, he must have this additional authority.

In addition, the resolution provides for the liberalization of the mortgage-insurance provisions of section 8 of the National Housing Act. It raises the percentage amount of the mortgages which may be insured from 95 percent to 100 percent for those building low-cost homes to replace houses which have been destroyed by floods or reconstructing homes which have been so extensively damaged as to require reconstruction. The money is already available under the Disaster Relief Act for providing temporary housing or other emergency shelter.

Mr. MARTIN of Massachusetts. It affects only the disaster area?

Mr. BOLLING. Yes, sir. I might say it was reported without objection this morning by the Committee on Banking and Currency.

Mr. MARTIN of Massachusetts. How long does the authority extend?

Mr. BOLLING. It runs to the National Housing Act. It applies specifically to the disaster area.

Mr. MARTIN of Massachusetts. But for how long a period of time?

Mr. BOLLING. The period of time is limited by the limitations of the National Housing Act and the limitations of the Disaster Relief Act.

Mr. MARTIN of Massachusetts. Mr. Speaker, I think we are all in sympathy with the purposes of this resolution and I withdraw my reservation of objection.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MORRIS:

H. R. 5010. A bill to provide certain service-connected disability benefits to certain veterans; to the Committee on Veterans' Affairs.

By Mr. RIVERS:

H. R. 5011. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for those civilian employees engaged in hazardous occupations in any branch of the Federal service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WINSTEAD:

H. R. 5012. A bill to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine; to the Committee on Armed Services.

By Mr. HART:

H. R. 5013. A bill to authorize the President to proclaim Regulations for preventing collisions at sea; to the Committee on Merchant Marine and Fisheries.

By Mr. POULSON:

H. R. 5014. A bill to provide benefits for certain Federal employees of Japanese ancestry who lost certain rights with respect to grade, time in grade, and compensation by reason of their evacuation from military areas during World War II; to the Committee on Post Office and Civil Service.

By Mr. JAVITS:

H. R. 5015. A bill for the establishment of a Commission on Revision of the Anti-trust Laws of the United States; to the Committee on the Judiciary.

By Mr. RICHARDS:

H. J. Res. 304. Joint resolution authorizing and directing the performance of an agreement with the Republic of Panama regarding the relocation of the terminal facilities of the Panama Railroad in the city of Panama; to the Committee on Foreign Affairs.

By Mr. FLOOD:

H. Res. 362. A resolution creating a select committee to conduct an investigation and study of the disappearance of the report, relating to the Katyn massacre, dictated by Lt. Col. John H. Van Vliet, Jr., on May 22, 1945; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JAVITS:

H. R. 5016. A bill for the relief of Fred Deckwitz; to the Committee on the Judiciary.

By Mr. O'TOOLE:

H. R. 5017. A bill for the relief of Jose dos Barros Lopes; to the Committee on the Judiciary.

H. R. 5018. A bill for the relief of Antonio Felope Moises; to the Committee on the Judiciary.

By Mr. VAIL:

H. R. 5019. A bill for the relief of Stavrou Perutsea; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

371. Mr. FELLOWS presented a resolution by Maine Federation of Women's Clubs at Poland Springs, Maine, relative to wise exercise of freedom, which was referred to the Committee on Foreign Affairs.

82D CONGRESS
1ST SESSION

H. J. RES. 303

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 1951

Read twice, considered, read the third time, and passed

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood
disaster emergency.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That section 8 (b) (2) of the National Housing Act, as
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3 home, which he occupied as an owner or as a tenant, was
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22 thereof after the words "in such major disaster" the follow-

1 ing: "providing temporary housing or other emergency
2 shelter for families who, as a result of such major disaster,
3 require temporary housing or other emergency shelter,".

Passed the House of Representatives July 31, 1951.

Attest:

RALPH R. ROBERTS, .

Clerk.

82^d CONGRESS
1ST SESSION

H. J. RES. 303

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

AUGUST 1, 1951

Read twice, considered, read the third time, and passed

In addition, the measure also provides for vesting in the President, subject to delegation by him to appropriate agencies, authorization for Federal grants for the replacement, repair or rebuilding of public property damaged by the flood. These payments will be on the basis of 50-percent contribution by the Federal Government and would be subject to the usual determinations concerning the fiscal resources of the State or local government entity involved.

Finally, the bill would provide that in the event any State or local government could not match any Federal grant, it would be eligible to obtain a loan from the Federal Government with which to match the Federal contribution. These loans would be repayable over a period of 20 years at the going rate of interest for United States obligations of comparable term plus one-half percent.

The bill also contains the customary administrative provisions with respect to the conduct of the business of the Commission and the programs authorized to be carried on by the President; defines the classes of persons qualified to be reimbursed for their losses; enumerates certain classes of property for which no repayment on account of loss or damage would be made, such, for example, as accounts receivable, records, bank deposits, securities, and the like. Criminal provisions are included, both to protect claimants and the United States.

The life of the Commission has been set at 2 years.

HOUSING RELIEF IN THE MISSOURI-KANSAS-OKLAHOMA FLOOD DISASTER EMERGENCY

Mr. HENNINGS. Mr. President, I ask that House Joint Resolution 303 be laid before the Senate.

The VICE PRESIDENT laid before the Senate the joint resolution (H. J. Res. 303) to provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency, which was read twice by its title.

Mr. HENNINGS. Mr. President, I ask unanimous consent for the present consideration of House Joint Resolution 303.

The VICE PRESIDENT. Is there objection?

Mr. WHERRY. Mr. President, as I understand, this is not the measure to which the distinguished Senator from Missouri previously referred. This is a joint resolution which has been passed by the House.

Mr. HENNINGS. The Senator from Nebraska is correct.

Mr. WHERRY. And it is now before the Senate with a request for its consideration. I should like to ask a question of the Senator from Kansas. Does the joint resolution apply strictly to housing in the disaster area?

Mr. SCHOEPPEL. That is exactly the situation. It covers the emergency needs. It has to do with FHA housing and temporary housing.

Mr. WHERRY. I understand that. I was told last Thursday or Friday that a measure might come from the House which had to do with other provisions in the public housing bill, on which all could agree. I was wondering when that measure might come before the Senate.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. HENNINGS. I am very glad to yield to the Senator from South Carolina.

Mr. MAYBANK. I have spoken to Representative SPENCE twice in the past 2 days. The members of the House committee are working diligently. Mr. SPENCE thought the defense-housing bill would be reported this week. That is the bill which contains the Wherry amendment, provision for veterans' housing, and provision with respect to FHA insured housing to which the Senator has reference.

Mr. LONG. Mr. President, reserving the right to object, may I inquire if the Senator from Missouri expects consideration of the joint resolution to take any appreciable amount of time?

Mr. HENNINGS. Let me say to the distinguished Senator from Louisiana that so far as I know it will not take any longer time than the time required to vote upon it.

Mr. LONG. Would the Senator be willing to agree that, if it takes any extended period of time, more than half an hour, say, he will withdraw the joint resolution from consideration?

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. McFARLAND. Let me say to the distinguished Senator from Louisiana that this is very important legislation. It involves temporary housing for people in the flooded area. Instead of taking half an hour, I think the joint resolution can be passed in 2 minutes.

Mr. LONG. If it does not mean that we shall not have a chance to debate the basing-point bill, Senate bill 719, I shall be content.

Mr. McFARLAND. I am sure it will not interfere with the bill referred to by the Senator from Louisiana.

The VICE PRESIDENT. Let the Chair state that what the Senator from Missouri is really asking is that the unfinished business, which, according to the previous unanimous-consent agreement, is Senate bill 719, be temporarily laid aside for consideration of the House joint resolution. If it should require a longer time than seems necessary, the Senator from Louisiana can ask for the regular order, to bring the other bill before the Senate.

Is there objection to the present consideration of the joint resolution?

Mr. WHERRY. Mr. President, reserving the right to object—and I shall not object—I should like to ask the Senator another question or two, because, as I understand, the House joint resolution is not the measure which the Senator from Missouri has been discussing. Am I correct in that respect?

Mr. HENNINGS. Let me say to the distinguished minority leader that I introduced another bill, and I undertook to discuss it, in the hope of being able to call up for consideration later House Joint Resolution 303.

Mr. WHERRY. Let me ask the distinguished Senator from Missouri a question. Is the Senator about to make a statement on the House joint resolution which he is asking to have passed?

Mr. HENNINGS. I was about to make such a statement.

Mr. WHERRY. Then I will withhold any questions until the explanation has been given.

The VICE PRESIDENT. I there objection to the present consideration of House Joint Resolution 303?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HENNINGS. Mr. President, the joint resolution would provide basic authority to deal effectively with two urgent problems which have arisen in connection with the flooded areas in Missouri, Kansas, and Oklahoma.

The first problem relates to the urgent necessity for providing temporary housing or other emergency shelter immediately for families rendered homeless by the flood disaster. Section 2 of the joint resolution, therefore, amends Public Law No. 875, Eighty-first Congress, which authorizes Federal assistance to States and local governments in major disasters to make it clear that the authorized assistance may, where necessary, include the provision of temporary housing or other emergency shelter for families, who as a result of the disaster are without housing or other emergency shelter. In this connection the present situation in Kansas City is extremely acute and emergency action to provide temporary shelter must be taken immediately.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. HENNINGS. I shall be glad to yield in a moment. I may say that Mr. Foley, of the Federal Housing Administration, who has been in this area, states that this measure is required to help him do his work effectively in the stricken region, and to place those who have suffered from the floods in temporary shelters.

Mr. WHERRY. The public law which the distinguished Senator mentioned is the disaster relief measure, is it not?

Mr. HENNINGS. The Senator is correct.

Mr. WHERRY. Have appropriations been made for this purpose, or will additional appropriations be required?

Mr. HENNINGS. I understand that appropriations have been made under the \$25,000,000 relief bill which was passed a few days ago.

Mr. WHERRY. What the Housing Administrator wishes is the additional authority which he feels to be necessary in order to permit the acquisition of temporary shelter. Is that correct?

Mr. HENNINGS. I am sure that the distinguished minority leader understands that many of these people are living in schools, churches, and tents. Many have no place to live.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. McFARLAND. As I understand, the House joint resolution is practically identical with Senate Joint Resolution 87, which was introduced on Monday by the distinguished junior Senator from Missouri on behalf of himself, the Senator from Alabama [Mr. SPARKMAN], and the Senator from Kansas [Mr. SCHOEPPEL].

Mr. HENNINGS. It is identical, with the exception of one amendment adopted in the House. Incidentally, the bill was unanimously reported from the House committee, and it was passed by the House without dissent or opposition yesterday. The amendment involves the insertion of the words "or reconstruction" after the word "construction" in both places where it occurs. In other words, it was believed in the House—and I am inclined to agree with the amendment—that in some cases in which a house was not completely demolished reconstruction might be necessary, and the words "or reconstruction" were added after the word "construction."

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. HENNINGS. I am very glad to yield to the Senator from Kansas.

Mr. SCHOEPPPEL. The change referred to in the measure which came over from the House, which the distinguished junior Senator from Missouri just mentioned, was inserted in the House measure in order to take care of structures in the flood areas which were destroyed to such extent that a fairly complete reconstruction job is required. That is the only change which was made in the measure introduced by the distinguished junior Senator from Missouri, the Senator from Alabama and myself in the Senate. Is that not correct?

Mr. HENNINGS. The distinguished Senator from Kansas is exactly correct. That is the only change which has been made.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. CARLSON. I should like to ask the distinguished Senator from Missouri if this measure would meet the requests which are made by Mr. Foley, of the Federal Housing Administration, to take care of the situation in Kansas not only with respect to the homes which have been completely destroyed, but those which have been damaged to such an extent that they may require repairs.

Mr. HENNINGS. I may say to the distinguished Senator that this measure has the approval of Mr. Foley. In addition, it has been informally cleared with the Bureau of the Budget and with Mr. Charles Wilson, for the Office of Defense Mobilization. Under title I of the Federal Housing Act, as the Senator will recall, modernization and renovation loans are already available for repair work. As I understand it, reconstruction aid under the terms of this bill would be available in the case when a person's home was damaged to such extent that a rather extensive reconstruction job was required.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. HENNINGS. I yield to the Senator from Kansas.

Mr. CARLSON. I sincerely hope the Senate will immediately pass the joint resolution, because the situation in the flood areas in three States is critical. I am sure the enactment of the joint resolution would bring relief and comfort to the people who have lost their homes.

Mr. HENNINGS. I thank the Senator for his contribution. There is one other phase of the joint resolution which I believe should be mentioned. It relates to section 1.

Section 1 of the joint resolution relates to the Federal Housing Administration mortgage and insurance programs for moderately priced housing. Under section 8 of the National Housing Act the FHA is authorized to insure mortgage loans up to 95 percent of properties appraised at \$5,000 or less or in high cost areas of 95 percent on up to \$6,000 of appraised value. The maximum dollar mortgage limitations under section 8 are therefore \$4,750 and \$5,600, respectively.

Also under section 203 of the National Housing Act the FHA is authorized to insure 95 percent loans on homes appraised at \$7,000 or less or in high-cost areas 95 percent loans on properties appraised at \$3,000 or less. The maximum dollar limitations under section 203 of the National Housing Act would therefore be \$6,650 and \$7,600, respectively.

Section 1 of the joint resolution would, therefore, amend section 8 of the National Housing Act so as to permit 100 percent FHA insured loans on properties appraised at \$7,000 or less except that in high-cost areas this limit could be increased to \$8,000. This insurance, however, would be limited to those cases where the mortgagor is the owner and occupant of the property and establishes to the satisfaction of the Federal Housing Commissioner that his home was destroyed as a result of a flood or other catastrophe which the President pursuant to the Disaster Relief Act (Public Law 75, 81st Cong.) has determined to be a major disaster.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. WHERRY. As I understand, the amendment to the Housing Act is necessary to take care of the disaster flood area.

Mr. HENNINGS. It applies only where houses have been destroyed by a flood or other catastrophe which the President has determined to be a major disaster under Public Law 875, Eighty-first Congress.

Mr. WHERRY. The Federal Housing Authority can raise the insurance up to 100 percent of the value in the disaster area.

Mr. HENNINGS. Yes; only in that area.

Mr. WHERRY. What about critical defense areas?

Mr. HENNINGS. It would not affect critical defense areas, for the reason that this legislation is designed to take care of the disaster area, proclaimed as such.

This amendment, of course, would be of material assistance to those families in the flood areas who have lost all their property and would have no means of obtaining the down payment for a new small home which otherwise would be required.

The joint resolution has the approval of the Housing and Home Finance Administrator, Raymond M. Foley, and has been informally cleared with the Bureau

of the Budget and with Mr. Charles Wilson, the Director of the Office of Defense Mobilization.

We hope that the distinguished Senator from South Carolina will instruct the FHA to see to it that the builders do not profiteer by giving less than the full loan value to the homeless victims of the flood, and that the agency inspections will be most thorough and rigid. I know I can count on the Chairman of the Banking and Currency Committee [Mr. MAYBANK], his committee and staff to follow through and see that the job is well done.

At this time, Mr. President, I wish to pay tribute to the distinguished majority leader, the able minority leader, the chairman of the Committee on Banking and Currency [Mr. MAYBANK], the senior Senator from Kansas [Mr. SCHOEPPPEL], the Senator from Alabama [Mr. SPARKMAN], the junior Senator from Kansas [Mr. CARLSON], and to all Senators who today have displayed their awareness and understanding of the emergency and distress under which the people of our part of the country, who are good American citizens, are laboring.

Mr. SCHOEPPPEL. I want to thank the distinguished Senator from Missouri [Mr. HENNINGS] for his kind remarks and for his good work in behalf of the victims of this terrible flood.

I ask unanimous consent to insert in the RECORD at this point in my remarks a brief statement I prepared on the joint resolution and an estimate of the dwelling units flooded in Kansas.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SCHOEPPPEL

The immediate enactment of House Joint Resolution 303 is urgently needed to help relieve suffering and hardship caused by the lack of shelter in the flood disaster areas of Missouri, Kansas, and Oklahoma.

The first section of the resolution would amend the National Housing Act to permit more liberal mortgage insurance for those building low-cost homes to replace their homes lost in a flood or other major disaster. To take advantage of these terms, such a person would have to establish that his home, which he occupied as owner or tenant, was destroyed, or partially destroyed, as a result of a flood or other catastrophe which the President has declared to be a major disaster under the Disaster Relief Act, Public Law 875, Eighty-first Congress. The insured mortgage in these cases could equal 100 percent of the value of the property, as compared to 95 percent authorized for low-cost homes under present law.

This new FHA insurance authority for disaster areas would be included in section 8 (title I) of the act relating to very low-cost houses in urban, suburban, and rural areas. Thus, some of the requirements of title II (covering the regular FHA mortgage insurance program), which would not be practical with respect to housing for persons in areas of floods or other catastrophes, would not be applicable to this disaster program. These requirements relate to such matters as property location and the standards used for determining "economic soundness" under title II.

The maximum mortgage amount provided in section 1 of the resolution is \$7,000, or in high-cost areas, \$8,000. These correspond to the values of low-cost houses for which maximum 95 percent mortgages can be in-

sured under the existing provisions of title II (sec. 203 (b) (2) (D)). However, the insertion of this new authority in section 8 of the National Housing Act has made it necessary to express the maximum mortgage amounts in terms of increased mortgage ceilings under that section for disaster areas.

Section 2 of the resolution would amend the Disaster Relief Act, Public Law 875, Eighty-first Congress, to authorize Federal agencies when directed by the President to provide temporary housing or other emergency shelter for families who, as a result of a major disaster require such shelter. This shelter would be provided out of funds otherwise available for relief activities under Public Law 875 and subject to the applicable provisions of that law. This section of the resolution would permit the Government to furnish trailers and other portable housing to meet the temporary shelter needs of families in disaster areas. There is a vital need for the Government to furnish this aid at once in the present flood areas. At present there is no legislative authority for the Government to meet this need.

ESTIMATE OF DWELLING UNITS FLOODED IN KANSAS

The following table gives estimates of the number of dwelling units flooded (to the first floor or higher in the principal Kansas towns suffering flood damage. The estimates are preliminary and only approximate. The water is not entirely out of some areas, hence the margin of error in estimation is necessarily wide.

The Kansas data show that 18,380 dwelling units were flooded. This cannot by any means be considered a total of the number of Kansas dwelling units flooded. Dozens of little towns along rivers and creeks are not included in the table. In addition, the data given here omits all farm dwelling units flooded. Damage here has been very great. In the three principal river systems the flooding was uniformly from bluff to bluff at depths of 2 to 8 feet in excess of any previous flood of the last 107 years.

Estimates of flood damaged homes in Missouri are not included because the flood is still in progress there. To date the damage to homes has been much less than in Kansas. In Kansas City, Mo., only about 300 homes out of 149,905 dwelling units were damaged.

The source of the data given are primarily from local governmental officials, relayed through the press and flood relief organizations.

Area	1950 dwelling units	Number units flooded	Percent flooded	Number estimated irreplaceable
Kansas River:				
Kansas City, Kans.	39,124	4,400	11	2,650
Armourdale	3,200	3,200	100	
Argentine	(1)	1,000		
Other	(2)	200		
Lawrence	6,538	750	11	(1)
Topeka	26,456	5,100	19	1,000
Manhattan	5,425	1,800	33	200
Salina	8,886	2,000	23	(1)
Junction City	4,501	160	4	40
Neosho River:				
Marion	2,669	300	45	(1)
Florence	2,442	400	94	(1)
Strong City	2,250	70	28	(1)
Council Grove	2,956	500	52	(1)
Burlington	2,765	50	7	(1)
Iola	2,557	600	23	(1)
Chanute	3,553	700	20	(1)
Marais Des Cygnes River:				
Ottawa	3,403	900	26	(1)
Osawatimie	1,381	650	49	(1)

¹ Not available.

² 1940 data.

Mr. WHERRY. Mr. President, is there anything to be added outside of what the Senator from Missouri has stated? I am perfectly willing to go along, and I know that the Senators from Kansas are anxious to have the joint resolution passed. I believe it should be passed. I should like to ask again whether it applies only to the disaster area.

Mr. HENNINGS. It applies only to the disaster area.

Mr. WHERRY. It is merely a question of giving additional authority to the Housing Agency?

Mr. HENNINGS. The distinguished minority leader is correct.

The VICE PRESIDENT. The question is on the third reading and passage of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

The VICE PRESIDENT. Without objection, Senate Joint Resolution 87 is indefinitely postponed.

PRICING PRACTICES

The VICE PRESIDENT. In accordance with the unanimous-consent agreement entered into on July 2, and modified on July 30, the Chair lays before the Senate the unfinished business, Senate bill 719.

The Senate resumed the consideration of the bill (S. 719) to establish beyond doubt that, under the Robinson-Patman Act, it is a complete defense to a charge of price discrimination for the seller to show that its price differential has been made in good faith to meet the equally low price of a competitor.

Mr. KEFAUVER obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. WHERRY. In view of the fact that the Senator from Nevada [Mr. McCARRAN], who shares control of the time under the unanimous-consent agreement is not now in the Chamber, I wonder whether the Senator from Tennessee will permit the suggestion of the absence of a quorum, with the time required for the calling of the quorum to be charged equally to both sides.

Mr. KEFAUVER. I yield for that purpose.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WHERRY. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and it is so ordered.

The Chair will state that, under the unanimous-consent agreement, there may be 40 minutes of debate on any amendment, and the time is to be equally divided, 20 minutes to a side. There are no amendments pending, none have been offered, and, therefore, the time today,

in the absence of amendments, or with amendments, will be divided equally. For tomorrow, the order provides 4 hours for debate, which is also to be divided equally.

Mr. KEFAUVER. Mr. President, the time of proponents of the bill is controlled, of course, under the unanimous-consent order, by the Senator from Nevada [Mr. McCARRAN]. The Senator from Maryland [Mr. O'CONOR] has reported the bill, and all agree that he should speak first. But I take it that the time being taken now will be charged against the time of the Senator from Nevada.

Mr. O'CONOR. Mr. President, I may say that is entirely agreeable, and that is our understanding, also.

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Maryland?

Mr. WHERRY. Mr. President, the Senator from Nevada asked me whether, in his absence, I would control the time for him. It is perfectly agreeable to me, in the absence of the Senator from Nevada, to grant time to the Senator from Maryland, or, if the Senator from Tennessee wishes to speak first, that would be satisfactory to me. Anything Senators desire is satisfactory to me.

Mr. KEFAUVER. I think the Senator from Maryland should speak first.

Mr. WHERRY. How much time does the Senator from Maryland desire?

Mr. O'CONOR. Twenty minutes.

Mr. WHERRY. My understanding is that, on the first day, the time is to be divided equally, so that, so far as I am concerned, the Senator from Maryland may take whatever time he chooses. Am I not correct in my understanding of the situation?

The VICE PRESIDENT. The Senator is correct. The time, both today and tomorrow, is equally divided.

Mr. WHERRY. That being so, I will grant to the Senator from Maryland whatever time he may desire to use.

The VICE PRESIDENT. The Senator from Maryland is recognized.

Mr. O'CONOR. Mr. President, the pending measure, Senate bill 719, is offered as an amendment to the Clayton Act, designed to make it certain that it is not illegal for a seller to discriminate in price or services in order to meet, in good faith, the equally low price or services of a competitor.

Senate bill 719 was introduced on January 29, 1951, by the Senator from Nevada [Mr. McCARRAN], for himself, the Senator from Colorado [Mr. JOHN-SON], the Senator from Nebraska [Mr. WHERRY], the Senator from Indiana [Mr. CAPEHART], the Senator from Ohio [Mr. BRICKER], and the senior Senator from Maryland. It was referred to the Senate Committee on the Judiciary. The bill was reported by the committee favorably and without amendment on April 28, 1951. The report is Senate Report 293, which I hope all Senators will have an opportunity to study. On May 4, 1951, the bill came up for Senate consideration, but, upon objection, was passed over. A minority report was filed on May 10, 1951.

It is the objective of Senate bill 719 "to establish beyond doubt that, under the Robinson-Patman Act, it is a complete defense to a charge of price discrimination for the seller to show that its price differential has been made in good faith to meet the equally low price of a competitor." The bill would achieve this purpose by adding a single, clear, unambiguous new subsection to the present law.

For many years it has been congressional policy to foster a system of fair and effective competition, as the basis for a healthy national economy. Congress has often debated how best to implement this general policy, but seldom has departed from it.

The question of the appropriate statutory treatment of price discriminations by sellers has long been a troublesome one. On one hand we have had the contention that price discrimination can be used as a potent weapon in the establishment of monopoly and should be prohibited. On the other hand, it has been contended with equal force that discriminations necessary, in good faith, to meet competition, are justifiable.

The origin of the confusion which Senate bill 719 seeks to allay lies in the dicta of the so-called basing-point decision in which the Supreme Court of the United States declared illegal the basing-point price systems employed in the glucose and cement industries. I refer to the cases of *Corn Products Refining Co. v. FTC* (324 U. S. 726 (1945)); *FTC v. Staley Mfg. Co.* (324 U. S. 746 (1945)); *FTC v. Cement Institute* (333 U. S. 683 (1948)). No substantial dissent from the holdings of these cases, under the particular facts there involved, has been raised; but the implications of the decisions, and the dicta involved, have raised doubt concerning the legality of all delivered-pricing, of freight absorption generally, and of all price discriminations made by sellers in order to meet the lower prices of competitors.

The present language of the Robinson-Patman Act relating to the good faith meeting of competition is believed by some to have contributed to these doubts. The proviso to subsection (b) of that act provides that a seller may rebut a prima facie case of illegal price discrimination by showing that the discrimination was made in good faith to meet the lower price of a competitor. This provision has been rather widely misconstrued. Its ambiguity is well evidenced by the results in the recent Standard Oil litigation. In that case, the Federal Trade Commission adopted the position that the quoted provision of the act does not provide a full defense to the seller who discriminates in price in good faith to meet the lower price of a competitor. A majority of the Supreme Court rejected this contention and held that the provision does establish a full defense. But three Justices of the Supreme Court and three judges of the Seventh Circuit Court of Appeals took the opposite view.

The decision of the Supreme Court in the Standard Oil case cannot be said completely to close the matter, while the

statutes themselves remain unclear. Therefore it was felt that permanent legislation was called for.

Even the President, who vetoed a pricing-practices bill last year, and the Federal Trade Commission, which opposes Senate bill 719, say that delivered pricing and freight absorption are not unlawful per se. In his veto message of Senate bill 1008, the President said:

There is no bar to freight absorptior or delivered prices as such.

In its order of June 18, 1951, approving tentative settlement of its proceedings against the American Iron and Steel Institute et al., the Federal Trade Commission wrote that it "is not acting to prohibit or interfere with delivered pricing or freight absorption as such when innocently or independently pursued, regularly or otherwise, with the result of promoting competition."

Particularly in view of the fact that the Standard Oil decision was reached by a closely divided Court, with the possibility thereby implied of a change in the line of decision if the composition of the Court should change, clarification now seems imperative. So long as the uncertainties of the so-called basing-point cases remain uncertainties, the status of freight absorption in our competitive economy will also be uncertain.

Enactment of Senate bill 719 should effectively eliminate the present confusion surrounding the use of delivered-price systems and freight absorption. The absorption of freight is just one method which a seller may use to reduce his price in order to meet the price of a competitor. The question of whether the seller absorbs freight or absorbs some other item of cost is only a question of accounting.

This bill makes two points perfectly clear. First, that it is a complete defense to a charge of price discrimination that it was made in good faith to meet the equally low price of a competitor. Second, that a discrimination is not in good faith, and thus the defense is not available, if the seller knew, or should have known, that the competitor's lower price was unlawful.

The bill, S. 719, is in complete accord with the Supreme Court decision in the Standard Oil case. The Federal Trade Commission itself virtually concedes this. In its letter to the Senator from Nevada [Mr. McCARRAN], the Commission said:

The bill would add a new subsection * * * in effect writing into the statute the interpretation of existing law expressed by the Supreme Court in the case of *Standard Oil versus FTC*, * * * in addition to undertaking to define one aspect of the term "good faith." The bill, however, might be construed as shifting the burden of proof in certain respects from the respondent to the Commission in cases involving the "good faith" defense. If this construction is correct, the bill goes beyond the decision of the Supreme Court.

But, Mr. President, the language of the bill is perfectly clear, and if it is not clear, the committee report makes it clear that the burden of proof is not in any way shifted by this bill. The affirmative burden of showing good faith

is placed by the bill upon the seller, and he must carry the burden.

It has been suggested that the Standard Oil case is limited to a seller reducing his price to retain a present customer, and that the bill goes beyond the decision to the extent that it applies to a seller reducing his price to gain a new customer. The bill follows the language in the existing law in this respect, and, therefore, can have no greater application than the existing law has.

The facts in the Standard Oil case related to a price reduction to retain a present customer. Therefore, the Court's discussion of the facts was limited to defensive competition. But nowhere in the opinion does the Court indicate a contrary rule would apply where the purpose was to gain a new customer. The contrary appears from the opinion.

Commenting on the good faith defense, the Court said:

Actual competition, at least in this essential form, is thus preserved.

Again it said:

The heart of our national economic policy long has been faith in the value of competition.

With respect to the antitrust laws, the Court said:

In the Sherman and Clayton Act, as well as in the Robinson-Patman Act, Congress was dealing with competition which it sought to protect and monopoly which it sought to prevent.

Those observations are wholly inconsistent with the notion that a seller can compete only to retain present customers, but not to gain new ones.

Furthermore, this prohibition would apply most severely against small business, for it would restrict their expansion. The large operators now sell in every market. This prohibition would restrict the small-business man by denying him access to new markets where he would be required to meet the going price in order to obtain customers. Furthermore, there is the inherent difficulty in determining who is a customer. Suppose a buyer purchases from three or four suppliers. How frequently does he have to have purchased from each of those suppliers in order to be a customer? If he makes no purchases from one of the suppliers for a week, or a month or 3 months, does he continue to be a customer? If the merchandise is seasonal and he makes no purchases for a year, is he still a customer? If the supplier sells both hammers and nails, and the buyer has previously purchased only nails, is he a customer when it comes to purchasing hammers?

In a nation where competition is regarded so highly it is fantastic to assume that the law would prohibit competition and encourage monopoly by preventing sellers from obtaining new customers.

To summarize, let me say that in laying the bill S. 719 before the Congress, we have attempted to offer a simple statutory clarification of the law governing pricing practices, so far as good faith competition is concerned, in strict ac-

Public Law 107 - 82d Congress
Chapter 293 - 1st Session
H. J. Res. 303

JOINT RESOLUTION

To provide housing relief in the Missouri-Kansas-Oklahoma flood disaster emergency.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 (b) (2) of the National Housing Act, as amended, is hereby amended (1) by inserting after the word "construction" in both places where it appears therein the words "or reconstruction" and (2) by striking out the words "*And provided further*" in the last proviso thereof and inserting in lieu thereof the words "*Provided further*" and by inserting at the end of said last proviso a colon and the following: "*And provided further*, That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the Commissioner) that his home, which he occupied as an owner or as a tenant, was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe, which the President pursuant to section 2 (a) of the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes' (Public Law 875, Eighty-first Congress, approved September 30, 1950), has determined to be a major disaster, such maximum dollar limitations may be increased by the Commissioner from \$4,750 to \$7,000, and from \$5,600 to \$8,000, respectively, and the percentage limitation may be increased by the Commissioner from 95 per centum to 100 per centum of the appraised value".

SEC. 2. Section 3 of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), is amended by inserting in clause (d) of the first sentence thereof after the words "in such major disaster" the following: "providing temporary housing or other emergency shelter for families who, as a result of such major disaster, require temporary housing or other emergency shelter,".

Approved August 3, 1951.

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